

**SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
COLUMBIA, SOUTH CAROLINA**

FINANCIAL STATEMENTS

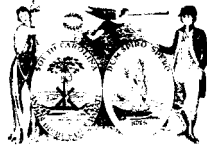
YEAR ENDED JUNE 30, 2002

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

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YEAR ENDED JUNE 30, 2002**

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State of South Carolina



Office of the State Auditor

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THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
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October 24, 2002

The Honorable Jim Hodges, Governor
and
Members of the Board of Directors
South Carolina Transportation Infrastructure Bank
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina Transportation Infrastructure Bank for the fiscal year ended June 30, 2002, was issued by Rogers & Laban, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,


Thomas L. Wagner Jr. CPA
State Auditor

TLWjr/trb



ROGERS & LABAN, PA

CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Mr. Thomas L. Wagner, Jr., CPA,
State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the South Carolina Transportation Infrastructure Bank (the Bank) as of and for the year ended June 30, 2002 as listed in the table of contents. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, to the financial statements, the accompanying financial statements of the Bank are intended to present the financial position and results of operations of only that portion of the funds of the State of South Carolina that is attributable to the transactions of the Bank, an agency of the State. They do not purport to and do not present the financial position of the State of South Carolina as of June 30, 2002, and changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America, and do not include, other agencies, divisions or component units of the State of South Carolina.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities, the major fund and the aggregate remaining fund information of the Bank as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Bank adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments and Statement No. 37, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus as of July 1, 2001. This results in a change in the format and content of the financial statements as detailed in Note 9. Also the Bank changed its capitalization policy and an adjustment was made to remove those capital assets that were less than the new policy capitalization level. Management also discovered an error in the application of an accounting principle regarding unrecorded receivables for gasoline taxes. The correction of this error was accounted for as a prior period adjustment as detailed in Note 9.

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The Management's Discussion and Analysis on pages 3 through 9 and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The combining statement is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Loyens & Laven, PA

September 30, 2002

South Carolina Transportation Infrastructure Bank

Management Discussion and Analysis FY2001-2002

The following discussion and analysis of the financial performance of the South Carolina Transportation Infrastructure Bank (SCTIB) provides a narrative overview of the SCTIB's financial activities for state fiscal year ended June 30, 2002. Please read it in conjunction with the SCTIB's financial statements which follow.

FINANCIAL HIGHLIGHTS FOR FY2002

Government-Wide

Statement of Net Assets – The liabilities of the SCTIB exceeded the assets as of June 30, 2002 resulting in a net deficit of \$7.1 million. The mission of the SCTIB is to provide financial assistance to major transportation projects. The SCTIB does not own or maintain any of the projects. The SCTIB issues bonds and incurs other financing liabilities to construct the projects which are donated to the South Carolina Department of Transportation (SCDOT) for ownership and maintenance. As a result, the assets of the SCTIB are reduced while the debt remains. Conversely, SCDOT will record these projects as construction in progress or capital assets in its financial statements with no related liability. Over one billion dollars of the SCTIB's net assets are restricted to service the outstanding debt and to fund projects under commitment.

Statement of Activities – During fiscal year 2002, net program expense exceeded general revenues by \$134.2 million resulting in a decrease in net assets as of fiscal year end. This is primarily due to the payment of a majority of the expenses for highway construction from bond proceeds which are not included in the revenue sources on this statement.

Fund Activity

Governmental Funds – Fund Balances - As of June 30, 2002, the fund balance in the SCTIB's governmental fund was \$1.195 billion. This fund is used for providing financial assistance to transportation projects and to service the debt related to providing that assistance. As of June 30, 2001, the fund balance was \$ 970.6 million. The increase as of June 30, 2002 of \$ 224.8 million was primarily due to the issuance of approximately \$370 million in bonds during the fiscal year with only a portion of those proceeds expended during the year for financial assistance of transportation projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the SCTIB's basic financial statements. The SCTIB's basic financial statements include three components: 1) bank-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also

contains other supplementary information in addition to the basic financial statements themselves. These components are described below:

Bank-Wide Financial Statements

The *Bank-Wide Financial Statements* provide a broad overview of SCTIB's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the SCTIB's financial position, which assists in assessing the SCTIB's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The bank-wide financial statements include two statements:

The *Statement of Net Assets* presents all of SCTIB's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the SCTIB's net assets may serve as a useful indicator of whether the mission of the SCTIB is successfully being implemented.

The *Statement of Activities* presents information showing how the SCTIB's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods, such as receivables from states agencies and county governments.

The bank-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SCTIB, like other state agencies uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the SCTIB can be divided into two categories, governmental funds and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds – The financial activity related to the mission of the SCTIB is accounted for in the governmental fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Bank-wide financial statements. However, unlike the Bank-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the SCTIB's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the SCTIB's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the SCTIB.

Because the focus of governmental funds is narrower than that of the Bank-wide financial statements, it is useful to compare the information presented in governmental funds with similar information

presented for governmental activities in the Bank-wide financial statements. By doing so, readers may better understand the long-term impact of the SCTIB's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the SCTIB's activities. These reconciliations are presented immediately following each governmental fund financial statement.

The basic governmental funds financial statements can be found immediately following the government-wide statements.

Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside SCTIB. Fiduciary funds are not reflected in the Bank-wide financial statements because the resources of these funds are not available to support the SCTIB's own programs. Fiduciary funds financial statements use the accrual basis of accounting. The SCTIB's fiduciary funds are the Horry County Loan Servicing Account and Horry County Loan Reserve Account which contain funds held by the SCTIB on behalf of Horry County which are used to make loan payments due to the SCTIB from Horry County. The basic fiduciary funds financial statements can be found immediately following the Governmental funds financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Bank-wide and the fund financial statements. The notes to the financial statements can be found immediately following proprietary fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. In the SCTIB's case, this section is limited to a budgetary comparison schedule, which includes comparisons of Original Budget to Final Budget to actual inflow and outflows on a budgetary basis.

BANK-WIDE FINANCIAL ANALYSIS

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position, or in the case of the SCTIB, for which liabilities will generally exceed assets, an indicator of whether the mission is successfully being implemented. The SCTIB's liabilities (all classified as governmental activities) exceeded assets by \$ 7.1 million at the close of business on June 30, 2002. (See Table A-1) The largest portion of the SCTIB's assets are non-current assets including cash from bond proceeds to be expended in future years and from loans and other contributions receivable from county and state governments. The largest portion of the SCTIB's liabilities are non-current liabilities which include bonds payable. As the mission of the SCTIB is to provide financing for transportation projects, but not own or maintain these projects, the Statement of Net Assets will generally reflect a "net deficit". The investment in infrastructure as a result of the projects financed by the SCTIB will be reflected on the financial statements of the SCDOT or other governmental entity which will own and maintain the roads.

Table 1
SCTIB Net Assets
(expressed in millions)

Activities	Governmental
	June 30, 2002
Current Assets	\$ 146.2
Non-current Assets	<u>1,082.1</u>
Total Assets	<u>\$1,228.3</u>
Current Liabilities	\$ 62.8
Non-current Liabilities	<u>1,172.6</u>
Total Liabilities	<u>\$1,235.4</u>
Net Assets:	
Restricted	\$1,118.6
Unrestricted (deficit)	<u>(1,125.7)</u>
Total Net Assets	<u>\$ (7.1)</u>
Total Liabilities and Net Assets	<u>\$1,228.3</u>

The restricted portion of the SCTIB's net assets represents amounts required for debt service of bonds and commitments to fund projects from bond proceeds.

Changes in Net Assets

In FY2002, the SCTIB's net assets decreased by \$ 134.2 million. This is primarily due to a majority of the expenses for highway construction paid from bond proceeds which are not included in the revenue sources on this statement. The primary sources of program revenues are contributions and loan repayments made by state and county governments pursuant to intergovernmental agreements. The general revenue sources of the SCTIB in 2002 were truck registration fees (45%); contribution from SCDOT in an amount equivalent to revenues generated from one-cent of gasoline tax (19%); and investment income (36%).

83% of the SCTIB's expenses were for transportation projects and 16% of expenses were interest on debt and other debt related costs.

Table 2 presents a breakdown of the revenues and expenses of the governmental activities.

Table 2
SCDOT Changes in Net Assets
(expressed in millions)

Activities	Governmental
	June 30, 2002
Revenues:	
Program Revenues:	
Loans and other contributions	\$ 72.9
Federal grants	<u>.3</u>
Total program revenues	<u>\$ 73.2</u>
General Revenues:	
Truck registration fees	\$ 54.3
Gasoline tax	22.7
Investment earnings	<u>43.6</u>
Total general revenues	<u>\$ 120.6</u>
Total Revenues	<u>\$ 193.8</u>
Expenses:	
Administration	\$.4
Transportation projects assistance	273.5
Interest and other debt costs	<u>54.1</u>
Total Expenses	<u>\$ 328.0</u>
Increase (Decrease) in Net Assets	\$(134.2)
Net Assets, Beginning of Year (as restated)	<u>\$ 127.1</u>
Net Assets (Deficit), End of Year	<u>\$ (7.1)</u>

Comparative data will be presented in future years.

FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the SCTIB uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the SCTIB's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the SCTIB's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the ending balance in the SCTIB's governmental fund was \$ 1.195 billion, an increase of \$ 224.8 million in comparison with the prior year. Of the total fund balance, \$1.1 billion is reserved for debt service requirements and for bond funded projects.

BUDGETARY HIGHLIGHTS

The difference between the original budget and the final budget was \$289.8 million. This represents increase in appropriation authority due to the expenditure of bond funds in this amount. Bond proceeds expenditures are not budgeted in the original budget, rather appropriations are increased during the year as expenditures are made from this source.

DEBT ADMINISTRATION

The authority of the SCTIB to incur debt is pursuant to the act which created the SCTIB and is found in Sections 11-43-110, etseq. of the South Carolina Code. The SCTIB has the legal authority to issue general obligation bonds of the state and revenue bonds. Currently, the SCTIB has issued only revenue bonds, but has received approval to issue general obligation bonds and plans to issue general obligation bonds during 2003.

The SCTIB's total debt increased by \$371 million during fiscal year 2002 to a total of \$1.2 billion. This debt consists solely of revenue bonds. Additional information on the State's long-term debt obligations can be found in Note 4 of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The SCTIB has been recognized nationwide for its effectiveness in providing funding solutions for over \$3 billion in projects and for its expediency in approving the funding which results in accelerated project construction. In November 2001, the Bank issued \$249,140,000 of senior lien revenue bonds at an interest rate of 5.23% and \$121,880,000 in junior lien revenue bonds at an interest rate of 5.07% bringing the total revenue bonds outstanding to over \$1.2 billion. Due to lower than projected interest rates on all bond issues and other factors, the Bank was able to provide additional funding to projects during the year.

Downturns in the U.S. economy that began in March 2001 had a similar impact on the State of South Carolina general fund revenue sources. In addition, this economic downturn resulted in lower than

expected revenues from truck registration fees which are one of the sources pledged by the SCTIB to the repayment of revenue bonds. Due to the conservative financial plan of the SCTIB, including sufficient coverage ratios, and the overall strength of the SCTIB's revenue sources, the lower truck registration fees did not affect the SCTIB's credit rating. Future revenue projections remain optimistic. The SCTIB plans to issue approximately \$295 million in revenue bonds during FY2003 and the short-term and long-range financial plans are constantly reviewed and updated to ensure financial sources are available to meet commitments made by the SCTIB Board.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the South Carolina Transportation Infrastructure Bank's finances for all of the SCTIB's taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the Bank's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

South Carolina Transportation Infrastructure Bank
955 Park Street, Room 304
Columbia, South Carolina 29201

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

STATEMENT OF NET ASSETS

JUNE 30, 2002

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 96,723,620
Accrued interest receivable:	1,376,330
Intergovernmental loans/receivables:	
State agencies	21,426,746
Restricted current assets:	
Cash and cash equivalents	36,036,618
Total current assets	<u>155,563,314</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	494,318,633
Accrued interest receivable	5,508,462
Intergovernmental loans/receivables:	
State agencies	160,228,814
County Governments	368,587,852
Intergovernmental loans/receivables:	
State agencies	32,082,702
County Governments	15,310,404
Unamortized bond issuance costs	6,072,465
Total noncurrent assets	<u>1,082,109,332</u>
Total assets	<u><u>\$ 1,237,672,646</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Current liabilities:	
Liabilities payable from restricted current assets	
Bonds payable	\$ 20,440,000
Accrued interest payable	15,596,618
Total liabilities payable from restricted current assets	36,036,618
Accounts payable	9,031,761
Deferred revenue	17,662,769
Total current liabilities	<u>62,731,148</u>
Noncurrent liabilities:	
Bonds payable, net of current portion	<u>1,172,605,784</u>
Total noncurrent liabilities	<u>1,172,605,784</u>
Total liabilities	<u>1,235,336,932</u>

Net Assets

Restricted:	
Debt service reserve	92,986,975
Debt service	806,407,638
Bond funded projects	219,188,981
Unrestricted:	
Balance (deficit)	<u>(1,125,656,045)</u>
Total net assets (deficit)	<u>(7,072,451)</u>
Total liabilities and net assets	<u><u>\$ 1,228,264,481</u></u>

See accompanying Notes to Financial Statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Activities</u>
Expenses:	
Public transportation facilities development:	
Personal services	\$ 1,610
Other operating costs	359,468
Financial assistance awards for constructing and improving highway and other transportation facilities and other project costs	273,548,496
Interest and other debt related expenses	53,966,800
Amortization of bond issuance costs	<u>155,704</u>
Total program expenses	328,032,078
Program revenues:	
Charges for services	72,852,886
Operating grants	<u>330,000</u>
Net program expenses	<u>254,849,192</u>
General revenues:	
Gasoline tax and truck transportation fees	77,072,950
Interest/investment income	<u>43,609,649</u>
Total general revenues	<u>120,682,599</u>
Increase (decrease) in net assets	(134,166,593)
Net assets - beginning of year	<u>127,094,142</u>
Net assets - end of year	<u><u>\$ (7,072,451)</u></u>

See accompanying Notes to Financial Statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2002

ASSETS		Public Transportation Facilities Development
Cash and cash equivalents		\$ 96,723,620
Intergovernmental loans/receivables:		
State agencies		44,101,283
County governments		15,310,404
Accrued interest receivable:		
Deposits		1,376,330
Restricted assets:		
Cash and cash equivalents		530,355,251
Accrued interest receivable		5,508,462
Intergovernmental loans/receivables:		
State agencies		160,228,814
County governments		368,587,852
Total assets		\$ 1,222,192,016
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable		\$ 9,031,761
Deferred revenue		17,662,769
Total liabilities		26,694,530
Fund balance:		
Reserved for:		
Debt service		806,407,638
Debt service reserve		92,986,975
Bond funded projects		219,188,981
Unreserved:		
Designated for financial assistance awards		76,913,892
Total fund balance		1,195,497,486
Total liabilities and fund balance		\$ 1,222,192,016
Reconciliation to the statement of net assets:		
Fund balance - governmental funds		\$ 1,195,497,486
Amounts reported for governmental activities in the statement of net assets are different because:		
Liabilities are not due and payable in the current period, therefore, are not reported in the fund.		
Bonds payable	\$ 1,193,045,784	
Accrued interest payable	15,596,618	(1,208,642,402)
Assets capitalized and amortized in statement of net assets and charged to expenditures in the governmental fund		
Bond issuance cost	\$ 6,228,169	
Less, amortization	(155,704)	6,072,465
Net assets (deficit) of governmental fund		\$ (7,072,451)

See accompanying Notes to Financial Statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND FOR THE YEAR ENDED JUNE 30, 2002

	Public Transportation Facilities Development
Revenues:	
Contribution of gasoline tax revenue for construction projects by the South Carolina Department of Transportation	\$ 22,738,285
Truck registration fees and penalties transferred from South Carolina Department of Public Safety	54,334,665
Contributions pursuant to intergovernmental agreements for specific construction projects	64,411,687
Interest/investment income:	
Deposits	34,870,360
Loans and receivables	8,739,289
Project revenues	8,441,199
Federal grant	330,000
TOTAL REVENUES	193,865,485
Expenditures:	
General operating	361,078
Financial assistance awards for constructing and improving highway and other transportation facilities	265,107,297
Debt service:	
Interest	49,345,463
Principal	10,865,000
Other	10,400
Bond issuance costs	6,228,169
Project expenditures	8,441,199
TOTAL EXPENDITURES	340,358,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,493,121)
Other Financing Source:	
Long-term bonds issued	371,020,000
Premium on bonds issued	1,777,030
Discount on bonds issued\	(1,461,246)
TOTAL OTHER FINANCING SOURCES	371,335,784
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES	224,842,663
FUND BALANCE, at beginning of year, as restated	970,654,823
FUND BALANCE, at end of year	\$ 1,195,497,486

See accompanying Notes to Financial Statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2002**

Reconciliation to the statement of activities:

Excess of revenues and other financing sources over expenditures for the governmental fund	\$ 224,842,663
Amounts reported for governmental activities in the statement of activities are different because:	
Proceeds from issuance of bonds are reported as other financing source in governmental fund statement and are shown as a liability in the statement of net assets	(371,335,784)
Increase in accrued interest payable reported as an expense in statement of activities	(4,610,937)
Amortization of bond issuance costs reported as an expense in the statement of activities	(155,704)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net assets	10,865,000
Bond issuance cost are reported as an expenditure in the governmental funds, but are recorded as an asset in the statement of net assets	<u>6,228,169</u>
Increase (decrease) in net assets	<u><u>\$(134,166,593)</u></u>

See accompanying Notes to Financial Statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

**STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2002**

ASSETS	Agency Funds
Cash and cash equivalents	<u>\$ 12,538,639</u>
Intergovernmental receivable:	
County government	<u>2,095,573</u>
Total assets	<u><u>\$ 14,634,212</u></u>
 LIABILITIES	
Funds held for others	<u>\$ 14,634,212</u>
Total liabilities	<u><u>\$ 14,634,212</u></u>

See accompanying Notes to Financial Statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of South Carolina Transportation Infrastructure Bank (the Bank) were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting policies are described below:

Reporting Entity

The Bank was established in 1997 to select and assist in financing major qualified projects by providing loans and other financial assistance to government units and private entities for constructing and improving highway and transportation facilities necessary for public purposes including economic development. The enabling statute is Section 11-43-120 of the Code of Laws of South Carolina.

The Bank is governed by its Board of Directors. The Board consists of seven voting directors as follows: the Chairman of the Department of Transportation Commission, ex officio; one director appointed by the Governor who shall serve as chairman; one director appointed by the Governor; one director appointed by the Speaker of the House of Representatives; one member of the House of Representatives appointed by the Speaker, ex officio; one director appointed by the President Pro Tempore of the Senate; and one member of the Senate appointed by the President Pro Tempore of the Senate, ex officio. Directors appointed by the Governor, the Speaker, and the President Pro Tempore shall serve terms coterminous with their terms of office.

The Bank is a funding entity that only provides loans and other financial assistance to approved projects pursuant to the Act. The Bank does not own, construct, manage the construction of, or maintain any of the projects it has approved for funding. The Bank has no financial obligation to fund any portion of any project other than that which is selected by action of its Board, is approved by the Joint Bond Review Committee of the State of South Carolina (JBRC), and is subject to a valid and enforceable intergovernmental agreement or loan agreement. Subject to JBRC approval and, with respect to general obligation bonds, approval of the State Budget and Control Board, the Bank may, in its sole discretion, issue bonded indebtedness in order to finance all or any portion of its obligations to provide approved projects with loans or other financial assistance.

The primary sources of funding of the Bank consist of a specific portion of funds appropriated under Section 11-43-160 of the South Carolina Code of Laws to the South Carolina Department of Transportation for the construction and maintenance of state highways, federal funds, contributions and donations from government units and private entities, State appropriations and truck registration fees and penalties. The Bank is also authorized to issue bonds to finance its activities. Also, the South Carolina Department of Transportation is committed to make contributions over a period of years to partially fund certain projects. Section 11-43-160 of the South Carolina Code of Laws provides for an annual contribution of revenues by the South Carolina Department of Transportation to the Bank of an amount not to exceed one cent per gallon of tax collected on gasoline which must be used to match federal capitalization grants to the Bank and to provide capital for the State accounts of the Bank. All of the revenues collected for truck registration fees and penalties pursuant to Sections 56-3-660 and 56-3-670 were received by the Bank from the South Carolina Department of Public Safety and were used to provide various capital fund projects.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

The core of the financial reporting entity is the primary government, which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The financial reporting entity includes the Bank (a primary entity). The Bank has determined it has no component units.

A primary government or entity is financially accountable if it appoints a voting majority of the organization's governing body, including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally dependent on the primary entity that holds one or more of the following powers:

- (1) Determines its budget without another government having the authority to approve and modify that budget;
- (2) Levies taxes or set rates or charges without approval by another government; or,
- (3) Issues bonded debt without approval by another government.

The organization is fiscally independent if it holds all three of those powers. Based on these criteria, the Bank has determined it is not a component of another entity and it has no component units. This financial reporting entity includes only the Bank (a primary entity).

The reporting entity is part of the State of South Carolina primary government unit and is included in the Comprehensive Annual Financial Report of the State of South Carolina. The accompanying financial statements present the financial position and the results of operations of only the portions of the funds of the State of South Carolina that are attributable to the transactions of the Bank and do not include any other funds, agencies, divisions, instrumentalities or component units of the State of South Carolina.

The Bank is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the Bank. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total funds. The laws of the State and the policies and procedures specified by the State for State agencies and institutions are applicable to the activities of the Bank. Generally, all State departments, agencies, and institutions are included in the State's reporting entity, which is the primary government of the State of South Carolina. These entities are financially accountable to and fiscally dependent on the State. Although the Bank operates somewhat autonomously, it lacks full corporate powers.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Fund Structure

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities or balances and changes therein. These accounts are segregated to carry on specific activities or attain certain objectives in accordance with applicable regulations, restrictions, or limitations. Separate accounts are maintained for each fund. The funds of the Bank are classified as governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed and are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; the difference between the assets and liabilities is fund balance. The Bank has only one governmental fund.

Special Revenue Fund - The special revenue fund generally records the expenditure of revenues that are restricted to specific programs or projects. The special revenue fund accounts for transportation facilities grant programs and capital projects for others, taxes levied with statutorily defined distributions, and any other resources restricted as to purpose.

The expenditures for constructing and improving highway and transportation facilities for the benefit of government units and private entities are recorded as grant expenditures or project expenditures in the special revenue fund. Grant awards for constructing and improving highway and transportation facilities include those expenditures made pursuant to financial assistance awards for specific projects. Project expenditures include those expenditures for which the Bank will receive project revenue reimbursements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Bank in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Bank has only one fiduciary fund.

Agency Funds: Agency funds are custodial (assets equal liabilities) and do not involve the measurement of the results of operations. The Loan Servicing Account and the Loan Reserve Account are held for Horry County, South Carolina in connection with an intergovernmental agreement for debt service security. These funds cannot be used to address activities or obligations of the Bank.

Government-wide and Fund Financial Statements

The financial statements of the Bank are presented in accordance with accounting principles generally accepted in the United States of America applicable to state and local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principals.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

These financial statements are prepared in accordance with GASB statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments" and No. 37 "Basic Financial Statements-and Management's discussion and Analysis-for State and Local Governments: Omnibus". The primary impacts of using these Statements involved the presentation of the Bank-wide financial statements on an accrual basis of accounting and the inclusion of a "Statement of Activities", which demonstrates the degree to which the direct expenses of the Bank's programs are offset by program revenues, and a "Management's Discussion and Analysis".

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The modified accrual basis of accounting is utilized to present the governmental fund. Under this method, revenue, including taxes, is recognized when it becomes measurable and available to finance expenditures of the current fiscal year. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period. The Bank considers revenues available if they are collected within one year after the current year end. Expenditures are recognized when the related fund liability is incurred except for unmatured interest on general long-term debt, which is recognized when due.

Measurement Focus, Basis of accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Bank, available means expected to be received within one year of the fiscal year-end.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Nonexchange transactions, in which the Bank receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Bank must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Bank on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Budget Policy

The Bank is granted an annual appropriation for operating purposes by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the Bank. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total funds. The Total Funds column in the Appropriation Act for each individual budgetary unit authorizes expenditures from all budgeted resources. A revenue budget is not adopted for individual budgetary units. The General Assembly enacts the budget through passage of line-item appropriations by program within budgetary unit within budgetary fund category, State General Fund or other budgeted funds. Budgetary control is maintained at the line-item level of the budgetary entity. Agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriation authorization exist.

Transfers of funds may be approved by the State Budget and Control Board under its authority or by the agency as set forth in Appropriation Act Proviso 72.14 as follows: Agencies shall be authorized to transfer appropriations within programs and within the agency with notification to the Division of Budget and Analyses and the State Comptroller General. No such transfer may exceed twenty percent of the program budget. Transfers from personal services accounts or from other operating accounts may be restricted to any level set by the Board.

During the fiscal year-end closeout period in July, agencies may continue to charge vendor, interagency, and interfund payments for the fiscal year to that fiscal year's appropriations. Any unexpended State General Fund monies as of June 30 automatically lapse to the General Fund of the State on July 31 unless authorization is received from the General Assembly to carry over the funds to the ensuing fiscal year. State law does not require the use of encumbrance accounting.

The Schedule of Expenditures – Budget and Actual – Other Budgeted Funds presents actual expenditures on the budgetary basis of accounting compared to the legally adopted and modified budget on a line item expenditure basis. The level of legal control for each agency is reported in a publication of the State Comptroller General's Office titled "A Detailed Report of Appropriations and Expenditures" for each fiscal year.

State law does not precisely define the budgetary basis of accounting. The current Appropriation Act states that the General Assembly intends to appropriate all State funds and to authorize and/or appropriate the use of all other monies to operate State government for the current fiscal year. The State's annual budget is prepared primarily on the modified accrual basis of accounting. Because the legally prescribed budgetary basis differs materially from generally accepted accounting principles (GAAP), actual amounts in the accompanying budgetary comparison schedule are presented on the budgetary basis. A reconciliation of the differences between the budgetary basis and generally accepted accounting principles basis is presented as required supplementary information.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Cash and Cash Equivalents

The amounts shown in the financial statements as "cash and cash equivalents" represent cash on deposit with the State Treasurer and cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool. Most State agencies including the Bank participate in the State's internal cash management pool.

Because the internal cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. For credit risk information pertaining to the State's internal cash management pool, see the deposits disclosures in Note 2.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. The Bank records and reports its deposits in the general deposit accounts at cost, and records and reports its deposits in the special deposit accounts at fair value. Investments held by the pool are recorded at fair value. Interest earned by the Bank's special deposit accounts is posted to the Bank's account at the end of each month and is retained. Interest earnings are allocated based on the percentage of the Bank's accumulated daily interest receivable to the total income receivable of the pool. Reported income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in the fair value on investments held by the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year-end based on the percentage ownership in the pool.

Some State Treasurer accounts are not included in the State's internal cash management pool because of restrictions on the use of the funds. For those accounts, cash equivalents include investments in short-term highly liquid securities having an initial maturity of three months or less at the time of acquisition. At year end, the Bank held no short-term investments.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. The Fund follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. The Fund capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and intangible assets including software costing in excess of \$100,000. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Bank did not have any capital assets as of June 30, 2002.

Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate, resulting income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from those earnings exceeds the effective yield on the related tax-exempt debt issued. Governmental units may avoid the requirement to rebate the "excess" earnings to the federal government under certain circumstances, if they issue no more than \$5 million in total of all such debt in a calendar year and if they meet specified targets for expenses of the proceeds and interest earnings thereon. For this purpose, tax-exempt

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

indebtedness includes bonds and certain capital leases and installment purchases. The federal government only requires arbitrage be calculated, reported and paid every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. A reserve fund is established to liquidate the liability when determined. The Bank incurred and paid \$10,400 of arbitrage related expenses for the year ended June 30, 2002.

Bond Discounts, Bond Premiums, Bond Issuance Costs, and Amortization

Bond discounts and bond premiums are amortized over the terms of the bonds using the bonds outstanding method which results in amortization being computed using the percentage of bonds retired to total bonds issued. Costs incurred in connection with the bond issues are deferred and amortized on the straight-line method over the lives of the related issues. Amortization of bond discounts is included in expenditures as an addition to interest expense. Amortization of bond premium is included in revenues as a separate line amount. Amortization of bond issuance costs is included in expenditures as a separate line item amount.

Deferred Revenue

Deferred revenue consists of advance payments for construction projects which have not been earned. Revenues are recognized in the period in which the project expenditures are made.

Restricted Assets

Generally, under the applicable bond indentures, the earnings and receipts of loans and certain receivables are required to be used for the related bonds payable debt service payment. Because the assets are generally restricted for this purpose, they have been reflected in the restricted portion of the accompanying statements. The liabilities that are to be paid from these restricted assets are noted as liabilities payable from restricted assets.

Net Assets / Fund Balance

The Bank records reservations for portions of its fund equity which are legally segregated for specific future uses or which do not represent available expendable resources and therefore, are not available for expenditures in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues and expenses and affect disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

**-NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 2. DEPOSITS:

All deposits of the Bank are under the control of the State Treasurer who, by law, has sole authority for investing State funds.

The following schedule reconciles deposits within the footnotes to the financial statement amounts:

Financial Statements		Footnotes	
Governmental fund:			
Cash and cash equivalents	\$ 96,723,620	Deposits Held by	
Restricted cash and cash equivalents	530,355,251	State Treasurer	\$ 639,617,510
Fiduciary fund:			
Cash and cash equivalents	12,538,639		
Total	\$ \$ 639,617,510		\$ 639,617,510

Deposits Held by State Treasurer

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

Cash and cash equivalents reported include unrealized appreciation of \$15,072,021 for the governmental fund and \$392,659 for the fiduciary fund as of June 30, 2002 arising from changes in the fair value of investments. The interest/investment income includes an unrealized gain of \$7,822,456 for the year ended June 30, 2002.

Deposits at fair value at June 30, 2002 held by the State Treasurer include \$219,188,991 of unexpended funds from bond issues which are to be used for projects in progress, \$92,986,975 for actual funding for debt service reserve requirements, and \$218,179,285 for funding debt service.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE 3. LOANS /RECEIVABLES/DEFERRED REVENUE

A summary of intergovernmental loans/receivables and deferred revenue at June 30, 2002 is as follows:

<u>Detail</u>	<u>State Agencies</u>	<u>County Governments</u>
<u>Loans/Receivables:</u>		
Contributions receivables:		
Horry County Ride Project		
S.C. Department of Transportation		
Phase I	\$ 64,000,000	\$
Phase II	86,820,649	
Charleston County Project		
S.C. Department of Transportation	40,082,702	
S.C. Ports Authority	4,018,581	
Charleston County		15,310,404
Loans:		
Horry County Ride Project		
Horry County		
Loan I		225,000,000
Loan II		143,587,852
Other:		
Truck registration fees and		
penalties - SC Department		
of Public Safety	6,730,880	
Gas tax revenues South Carolina		
Department of Transportation	2,677,285	
	<hr/>	<hr/>
Totals	<u>\$ 204,330,097</u>	<u>\$ 383,898,256</u>
<u>Deferred Revenue:</u>		
Beaufort County Project		<u>\$ 17,662,769</u>

Certain of the above receivables are pledged pursuant to the bond covenants to secure the payment of the bonds outstanding and are classified as restricted for debt service in the net assets section of the statement of net assets and as reserved for debt service in the fund balance section of the governmental fund balance sheet.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

CONTRIBUTIONS RECEIVABLE:

Each fiscal year the Bank records contributions revenue equal to the project expenditures made in the fiscal year that are applicable to the contribution share of the project costs. A summary of changes in the contribution receivables for the fiscal year ended June 30, 2002 is as follows:

	Balances 06/30/2001	Contributions Received	Balances 06/30/2002
Horry County Ride Project			
Phase I (SCDOT)(a)	\$ 84,000,000	\$ 20,000,000	\$ 64,000,000
Phase II (SCDOT)(b)	93,180,441	6,359,792	86,820,649
Totals	<u>\$ 177,180,441</u>	<u>\$ 26,359,792</u>	<u>\$ 150,820,649</u>

- (a) Project costs have been advanced for all of the \$114,000,000 contribution obligation for Phase I. \$50,000,000 has been collected on this receivable through June 30, 2002.
- (b) Project costs have been advanced for all of the \$95,000,000 contribution obligation for Phase II. \$8,179,351 of principal has been collected on this receivable through June 30, 2002.

	Current Expenditures	Contributions Received	Balances 6/30/02
Charleston County Project			
SCDOT (c)	\$ 40,082,702	\$ -	\$ 40,082,702
SC Ports Authority (d)	9,018,581	5,000,000	4,018,581
Charleston County (e)	15,310,404		15,310,404
Totals	<u>\$ 64,411,687</u>	<u>\$ 5,000,000</u>	<u>\$ 59,411,687</u>

- (c) The total contribution obligation is \$200,000,000 of which \$40,082,702 was advanced during the current fiscal year.
- (d) The total contribution obligation is \$45,000,000 of which \$9,018,581 was advanced during the current fiscal year.
- (e) The total contribution obligation is \$75,000,000 of which \$15,310,404 was advanced during the current fiscal year.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

INTERGOVERNMENTAL LOANS – COUNTY GOVERNMENTS

The Bank has also entered into intergovernmental agreements with various local governments whereby the Bank will make loans for all or partial funding for certain permanent highway and transportation facilities projects. Details of the loan balances and changes thereto are as follows:

	Balances June 30, 2001	Advances	Collections	Balances June 30, 2002
Horry County Ride Project				
Phases I & II (f)	\$ 239,974,313	\$ 3,775,687	\$ 18,750,000	\$ 225,000,000
Table I & III projects (g)	39,632,285	111,142,345	7,186,778	143,587,852
York County (h)	2,200,000		2,200,000	-
Totals	<u>\$ 281,806,598</u>	<u>\$ 114,918,032</u>	<u>\$ 28,136,778</u>	<u>\$ 368,587,852</u>

- (f) The original loan was for \$300 million and was fully advanced as of June 30, 2002. \$75 million has been collected on this loan through June 30, 2002.
- (g) The original loan was for \$247,577,664. Advances through June 30, 2002 total \$159,302,119 and payments on principal through June 30, 2002 total \$15,714,267. The agreed payments on this loan total \$348,690,172 which include interest at an annual rate of approximately 5% and are due in scheduled quarterly amounts beginning September 30, 1999 through June 30, 2017.
- (h) The original loan to York County was \$6,600,000 and was paid in full during the current fiscal year.

The loan covenants for the \$300 million loan and the \$247,577,644 loan for the Horry County RIDE Project required the County to establish a Loan Reserve Account by depositing the entire balance it was holding in the Road Special Revenue Fund and to deposit all future receipts of the 1.5% Road Special Revenue Fund portion of the Hospitality Fee into a Loan Servicing account. The Bank pays itself from the Loan Servicing account the scheduled loan payments for the \$300,000,000 loan and the \$247,577,664 loan. Unspent funds in the Loan Servicing Account are to be transferred to the Loan Reserve Account as of each year end. As quarterly payments become due, if the balance of the Loan Servicing Account is not sufficient to make the loan payments, the Bank will cause the State Treasurer to pay the deficiency from the balance in the Loan Reserve Account. If the balance in the Reserve Account is not sufficient to make the loan payment, the Bank shall have the option, in its sole discretion, of instructing the State Treasurer, pursuant to section 11-43-210 of the South Carolina Code of Laws, to withhold any pay over the amount due from other funds held by the State and allotted or appropriated to Horry County or utilize those remedies provided by paragraph 4.2 of the Series 1999A Master Loan Agreement. Upon the expiration or earlier termination of this Agreement, the balance of the Loan Reserve Account, if any, after satisfying all remaining payments due on outstanding agreements or loans, shall be paid to Horry County.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

DEFERRED REVENUE:

The intergovernmental agreement with Beaufort County provided for the County to fund \$30,795,265 of the project costs and the Bank to provide \$64,300,000 with a financial assistance award. Costs are prorated and allocated between the County and the Bank based on the agreed-upon funding ratio by each. Project expenditures for the fiscal year ended June 30, 2002 totaled \$24,456,433. \$7,919,971 was allocated to the County and \$16,536,462 to the Bank. \$17,662,769 of the County's payment is reflected as deferred revenue in the Special Revenue Fund as of June 30, 2002. The \$7,919,971 that was allocated the County is also reflected as project costs for the year ended June 30, 2002.

NOTE 4. BONDS PAYABLE:

A summary of changes in bonds payable for the year ended June 30, 2002 is as follows:

Balances, beginning of year	\$ 832,575,000
Additions	371,335,784
Reductions	<u>(10,865,000)</u>
Balances, end of year	<u><u>\$ 1,193,045,784</u></u>

A summary of the bonds payable as of June 30, 2002 is as follows:

Issue Date	Series	Original Face Amount	Final Maturity Date	Interest Rate (%)	Unpaid Principal Balance
October 21, 1998	1998A	\$ 275,000,000	10/01/2017	4.00-6.00	\$ 244,000,000
July 27, 1999	1999A	308,900,000	10/01/2024	5.00-5.50	308,900,000
November 9, 2000	2000A	268,810,000	10/01/1930	5.00-6.00	268,810,000
November 28, 2001	2001A	249,140,000	10/01/1931	5.00-5.75	249,140,000
Less unamortized discount					(1,461,246)
November 28, 2001	2001B	121,880,000	10/01/1931	5.00-5.27	121,880,000
Plus, unamortized premium					<u>1,777,030</u>
Total bonds payable including unamortized premiums and discounts					<u><u>\$ 1,193,045,784</u></u>

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

On November 28, 2001, the Bank issued \$371,020,000 in bonds (Series 2001A and B). The net bond proceeds consisted of the following:

	2001A	2001B	Total
Face amount of bonds	\$ 249,140,000	\$ 121,880,000	\$371,020,000
Original issue premium (discount)	(1,461,246)	1,777,030	315,784
Net bond proceeds	<u>\$ 247,678,754</u>	<u>\$ 123,657,030</u>	<u>\$371,335,784</u>

Issuance costs for the Series 2001A and B bonds consists of the following:

	2001A	2001B	Total
Underwriters discount	\$ 2,354,373	\$ 234,984	\$ 2,589,357
Guaranty insurance premium	1,669,460	1,193,749	2,863,209
Issuance costs	505,059	270,544	775,603
Total	<u>\$ 4,528,892</u>	<u>\$ 1,699,277</u>	<u>\$ 6,228,169</u>

Amortization of issuance costs for the current fiscal year totaled \$155,704.

The purpose of the Series 2001 Bonds is to fund a portion of the costs of the Horry County RIDE Project, the Beaufort County Project, the Upstate GRID Project, the York County Project, the Charleston County Project, and any future approved project for which there is an executed intergovernmental agreement, to reimburse the Bank for moneys advanced for the Horry County RIDE Project, the Beaufort County Project, the Upstate GRID Project, the York County Project and the Charleston County Project.

Principal and interest payments are due on the bonds outstanding and are being paid semiannually. Details of the future debt service payments, including interest, are as follows:

		Principal	Interest	Totals
Year ending:	6/30/03	\$ 20,440,000	\$ 61,875,468	\$ 82,315,468
	6/30/04	26,195,000	60,692,755	86,887,755
	6/30/05	26,930,000	59,337,274	86,267,274
	6/30/06	30,870,000	57,854,543	88,724,543
	6/30/07	31,890,000	56,224,799	88,114,799
Five years				
ending:	6/30/12	181,865,000	254,052,794	435,917,794
	6/30/19	242,500,000	197,868,159	440,368,159
	6/30/22	155,285,000	145,559,760	300,844,760
	6/30/27	204,725,000	99,886,925	304,611,925
	6/30/32	272,030,000	34,976,141	307,006,141
Total debt service obligations		<u>\$ 1,192,730,000</u>	<u>\$ 1,028,328,618</u>	<u>\$ 2,221,058,618</u>

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

The total interest expense for the year ended June 30, 2002 on the accrual basis was \$53,956,400.

The payment of the principal and interest on the bonds outstanding is secured by liens on and pledges of certain of the Bank's revenues and collections of certain receivables. The Bank does not charge any fees to external users for goods or services. Pledged revenues are defined as all payments payable to the Bank pursuant to any agreement between the Bank and the United States government, the State, any county, municipality, political subdivision, public body or their government entity or under any law, statute, ordinance, resolution or other authorizing instrument. The master revenue bond resolution also requires the establishment and maintenance of various debt service reserve bank accounts. The reserve requirement is the lesser of 10% of bonds outstanding; the maximum annual aggregate debt service; or, 125% of the aggregate average annual debt service. Funds on deposit to meet the reserve requirements are as follows:

<u>Reserve Requirements</u>	<u>Actual Funding at Fair Value</u>
<u>\$90,761,718</u>	<u>\$92,986,975</u>

Also, the Bank purchased bond insurance at the time of issuance to guarantee the payments of all of the bonds outstanding to the bond holders.

The Series 1998A bonds maturing on or after October 1, 2009 are redeemable at the option of the Bank on and after October 1, 2008, in whole or in part at any time in any order of maturity to be determined by the Bank by payment of the respective redemption prices, expressed as percentages set forth below of the principal amount of the bonds to be redeemed together with accrued interest to the redemption date:

<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
October 1, 2008 through September 30, 2009	101%
October 1, 2009 and thereafter	100%

The Series 1999A Bonds maturing on or after October 1, 2010 are redeemable at the option of the Bank on and after October 1, 2009 in whole or in part at any time in any order of maturity to be determined by the Bank by payment of the respective redemption prices, expressed as percentages of the principal amount of the Series 1999A Bonds to be redeemed together with accrued interest to the redemption date:

<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
October 1, 2009 through September 30, 2010	101%
October 1, 2010 and thereafter	100%

The Series 2000A Bonds maturing on or after October 1, 2010 are redeemable at the option of the Bank, on or after October 1, 2009 in whole or in part at any time in any order or maturity to be determined by the Bank by payment of the respective redemption prices, expressed as percentages of the principal amount of the Series 2000A Bonds to be redeemed together with accrued interest to the redemption date:

<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
October 1, 2009 through September 30, 2010	101%
October 1, 2010 and thereafter	100%

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

The Series 2001A Bonds maturing on or after October 1, 2012 are redeemable at the option of the Bank, on and after October 1, 2011, in whole or in part, at any time in any order of maturity selected by the Bank, at the principal amount of the Series 2001A Bonds to be redeemed, together with interest accrued to the redemption date. The Series 2001A Bonds maturing on October 1, 2021, October 1, 2027, October 1, 2029 and October 1, 2031, shall be subject to mandatory redemption at par plus accrued interest to the redemption date in the respective principal amounts on October 1, of each year set forth below:

October 1, 2021 Term Bond		October 1, 2027 Term Bond	
Year	Principal Amount	Year	Principal Amount
2020	\$ 6,505,000	2025	\$ 20,945,000
2021	7,200,000	2026	20,615,000
		2027	25,320,000

October 1, 2029 Term Bond		October 1, 2031 Term Bond	
Year	Principal Amount	Year	Principal Amount
2028	\$ 25,155,000	2030	\$ 30,245,000
2029	30,220,000	2031	35,135,000

The Bank shall receive credit on any redemption date against its mandatory obligation to redeem Series 2001A Bonds of a maturity subject to mandatory redemption for Series 2001A Bonds of the same maturity previously purchased or redeemed by the Bank delivered to the Paying Agent for cancellation.

The Series 2001B Bonds maturing on or after October 1, 2012 are redeemable prior to maturity, at the option of the Bank, on and after October 1, 2011, in whole or in part, at any time in any order of maturity selected by the Bank, at the principal amount of the Series 2001B Bonds to be redeemed, together with interest accrued to the redemption date. The Series 2001B Bonds maturing on October 1, 2021, October 1, 2026 and October 1, 2031, shall be subject to mandatory redemption at par plus accrued interest to the redemption date in the respective principal amounts on October 1, of each year set forth below:

October 1, 2021 Term Bond		October 1, 2025 Term Bond		October 1, 2031 Term Bond	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount
2019	\$ 4,315,000	2023	\$ 5,270,000	2027	\$ 6,440,000
2020	4,535,000	2024	5,540,000	2028	6,775,000
2021	4,765,000	2025	5,825,000	2029	7,130,000
		2026	6,125,000	2030	7,505,000
				2031	7,900,000

The Bank shall receive credit on any redemption date against its mandatory obligation to redeem Series 2001B Bonds of a maturity subject to mandatory redemption for Series 2001B Bonds (Junior Lien) of the same maturity previously purchased or redeemed by the Bank Delivered to the Paying Agent for cancellation.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE 5. TRANSACTIONS WITH STATE ENTITIES:

The Bank has significant transactions with the State of South Carolina and various State agencies.

Services received at no cost from State agencies include maintenance of certain records by the Comptroller General; check preparation, banking, bond trustee and investment services from the State Treasurer; and legal services from the Attorney General. Other services received at no cost from various divisions of the State Budget and Control Board include: insurance plans administration, procurement services, audit services, assistance in the preparation of the State Budget, review and approval of certain budget amendments, and other centralized functions.

The Bank had financial transactions with various State agencies during the fiscal year. Payments were made to divisions of the State Budget and Control Board for telephone and insurance plans premiums and to the State Accident Fund for workers' compensation insurance.

The South Carolina Department of Transportation provided the Bank certain administrative services and clerical assistance during the fiscal year 2002 for which \$129,000 was paid.

The Bank provided no services free of charge to other State agencies during the fiscal year.

The Bank recorded \$22,738,285 as revenue contributions of gas tax from the South Carolina Department of Transportation during fiscal year 2002. The gas tax represented an amount not to exceed the one cent per gallon collected in accordance with Section 11-43-160 of the South Carolina Code of Laws for the ongoing funding of construction and maintenance of highways.

The Bank recorded \$54,334,665 of revenues from truck registration fees and penalties from the South Carolina Department of Public Safety during fiscal year 2002.

NOTE 6. RISK MANAGEMENT:

The Bank is exposed to various risks of loss including theft of, damage to, or destruction of assets, general torts, and board member breach, theft or misappropriation but does not maintain any State or commercial insurance coverage for those risks except for non-owned motor vehicles and general torts. The bank did not incur any losses during the year.

The Bank and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities and/or events:

1. Motor vehicles (non-owned); and
2. Torts

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of certain property and equipment and auto liability. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF's rates are determined actuarially.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

The Department has not transferred the risk of loss for employee theft or misappropriation of assets and the portion of the risks of loss related to insurance policy deductibles for non-owned motor vehicles and torts to a State or commercial insurer. The Bank has not reported an estimated claims loss expenditure, and the related liability at June 30, 2002, based on the requirements of GASB Statements No. 10 and No. 30 which state that liability for claims must be reported only if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2002 and the amount of the loss is reasonably estimable. Liabilities include an amount for incurred but not reported (IBNR) losses when it is probable a claim will be asserted. Claims liabilities when recorded are based on estimates of the ultimate cost of settling known but not paid claims and IBNR claims at June 30 using past experience adjusted for factors that would modify past experience.

In management's opinion, claims losses in excess of insurance coverage are unlikely and, if incurred, would be insignificant to the Bank's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded, and, therefore, no loss accrual has been recorded.

NOTE 7 COMMITMENTS/INTERGOVERNMENTAL AGREEMENTS

The Bank entered into various intergovernmental agreements to provide financial assistance for highway and transportation facilities projects. Details of the agreements and their status as of June 30, 2002 follows:

Horry County RIDE I Project. The total approved costs for this project are estimated to be \$888,000,000. Funding consists of a \$340 million financial assistance award by the Bank of which a \$114 million contribution is being paid to the Bank by the South Carolina Department of Transportation (SCDOT) in annual installments of \$10 million each for eleven years and \$4 million in the 12th year and an additional \$95 million contribution is being paid to the Bank by SCDOT in annual installments of \$7.6 million including 5% interest per annum for 20 years; a \$300 million interest free loan (Loan I) that is being paid by Horry County over 20 years at \$15 million per year; and, a \$247,577,664 loan that is being paid by Horry County over 18 years at agreed upon amounts including interest at approximately 5% per annum.

Horry County Ride II Project. The total approved costs for this project are \$198 million which are to be paid by Horry County at \$2.279 million from Admissions Tax District revenues. Currently, \$135 million has been authorized by the Bank with the additional amount up to \$63 million to be authorized as funding becomes available, as determined by the Bank.

Beaufort County Project. The total costs are estimated to be approximately \$104.7 million. Funding for the project consists of a \$64.7 million financial assistance award by the Bank, a \$29.9 million contribution by Beaufort County that has already been paid and the funding of \$10.1 million of expenditures by SCDOT and claimed as federal expenditures. The County and the Bank have executed an Intergovernmental Agreement and construction of the project has begun.

Charleston County Project. The total estimated project costs are \$636.6 million. Funding for the Charleston County Project consists of a \$540 million financial assistance award by the Bank and the funding of \$96.6 million of expenditures by SCDOT and claimed as federal expenditures. The Bank has a loan approved from the Federal Highway Administration in the amount of 33% of the project costs not to exceed \$215 million. The Bank will be paid contributions for this project as follows:

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

<u>Contributor</u>	<u>Amount</u>	<u>Terms</u>
• SCDOT	\$200,000,000	\$8 million per year for 25 years commencing in fiscal year 2003
• Charleston County	75,000,000	\$3 million per year for 25 years commencing in fiscal year 2004
• SC Ports Authority	45,000,000	\$20 million by July 1, 2003 and \$1 million per year for 25 years commencing in fiscal year 2003

Lexington County Project The total project costs are estimated to be \$115 million. Funding for the project consists of a \$113 million financial assistance award by the Bank and a \$2 million in-kind services contribution by Lexington County. Contributions to be paid to the Bank in connection with this project include \$6 million from SCDOT and \$59 million by South Carolina Electric and Gas Company ("SCE&G"). The Bank has executed an agreement with SCE&G and construction for this project is scheduled to begin in the Fall of 2002.

Upstate GRID Project (Anderson, Greenville and Spartanburg Counties) The project consists of thirteen component projects which have a total estimated cost of \$580 million. Funding for the Upstate GRID Project consists of a \$369 million financial assistance award by the Bank and a \$211 million contribution by Anderson, Greenville and Spartanburg Counties. Anderson, Greenville and Spartanburg Counties, the SCDOT and the Bank have executed an Intergovernmental Agreement. Construction on the project has begun.

York County Project The project consists of four component projects which have a total estimated cost of \$257 million. Funding for the York County Project consists of a \$158 million contribution by the Bank and a \$99 million contribution by York County. The Bank and York County have executed an Intergovernmental Agreement and construction has begun.

Aiken County Project The project consists of construction of a new bridge over the Savannah River and the extension into South Carolina of Interstate 520 from Georgia. Total project costs are estimated to be \$200 million. Funding consists of a contribution from the State of Georgia for one-half of the cost of the new bridge of approximately \$16 million, a contribution from Aiken County in the amount of approximately \$16 million, a \$2.35 million contribution by SCDOT and \$165 million financial assistance award by the Bank. Currently, the Bank has authorized \$65 million for the project with the balance to be authorized as funding becomes available, as determined by the Bank.

Median Barrier Project The project is a statewide project with a total estimated cost of \$34 million. Funding for the project consists of a \$30 million financial assistance award by the Bank and a \$4 million contribution by the SCDOT.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Outstanding commitments as of June 30, 2002 are as follows:

Project Description	Total Award	Expenditures		Outstanding Commitments 06/30/2002
		Prior	Current	
Horry County Ride I Project Conway By-Pass Phases I and II	\$ 340,000,000	\$ 285,466,419	\$ 54,533,581	\$ -
Horry County Ride II Project Various Projects	198,000,000			198,000,000
Beaufort County Project Route 170 Improvement	64,300,000	10,883,464	16,536,462	36,880,074
Charleston County Project Replacement of Cooper River Bridges	540,000,000		103,223,404	436,776,596
Lexington County Project Lake Murray Dam	113,000,000			113,000,000
Upstate GRID Project (Anderson, Spartanburg, and Greenville)	369,305,000	43,917,525	85,058,328	240,329,147
York County Project Improvement of Metropolitan Road Corridors	158,000,000	46,496,160	527,826	110,976,014
Aiken County Project Extension of I-520 into SC	65,000,000		227,696	64,772,304
Median Barrier Project Guardrails	30,000,000			30,000,000
Totals	<u>\$ 1,877,605,000</u>	<u>\$ 386,763,568</u>	<u>\$ 260,107,297</u>	<u>\$ 1,230,734,135</u>

NOTE 8. OTHER MATTERS/SUBSEQUENT EVENT:

Through June 30, 2002 the Joint Bond Review Committee of the State of South Carolina has reviewed and approved the issuance of \$2,386,346,342 Bank General Obligation and/or Revenue Bonds. \$1,223,730,000 in bonds have been issued through June 30, 2002

The Board of Directors of the Bank has approved an additional bond issue in an approximate amount of \$265,000,000 which is expected to be issued prior to October 31, 2002. The purpose of the bonds is to partially fund existing project commitments.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE 9. ACCOUNTING CHANGES/PRIOR PERIOD ADJUSTMENTS

The Bank made a correction of an error involving the application of an accounting principle regarding unrecorded receivables for gasoline tax. Revenues due to the Bank for the one-cent per gallon of gas tax for June of each year have not been recognized as revenues.

All state agencies and institutions were required to adopt a capitalization limit of \$5,000 for movable personal property (including library material) and \$100,000 for depreciable land improvements, buildings and improvements, and tangible assets, as of July 1, 2001. As a result of the change in asset capitalization policy, the Bank removed capitalized assets on hand at July 1, 2001, which did not meet the new capitalization levels.

As a result of the adoption of GASB Statement No. 34 as discussed in Note 1, the Bank was also required to make certain changes in accounting principles, specifically recording in the statement of net assets, capital assets, bonds payable and accrued interest payable.

The effect of accounting and reporting changes on beginning fund equity in the fund financial statements is as follows:

	Special Revenue Fund	General Fixed Assets Account Group
Fund balance, June 30, 2001, as previously reported	\$ 968,715,823	\$ 2,081
Increase in capitalization limit		(2,081)
Correction of error:		
Add accounts receivable due from State Agency for unrecorded one cent per gallon gas tax revenue	1,939,000	
Fund balance, June 30, 2001, as restated	\$ 970,654,823	\$ -

The effect of accounting and reporting changes on beginning net assets in the government –wide financial statements is as follows:

Net assets July 1, 2001	\$ -
Record fund equity at June 30, 2001 of fund based activities previously reported in financial statements	968,715,823
Correction of error:	
Add accounts receivable due from State Agency for unrecorded one cent per gallon gas tax revenue	1,939,000
GASB Statement No. 34 restatements	
Record the following assets and liabilities:	
Bonds payable	(832,575,000)
Accrued interest payable on bonds	(10,985,681)
Net assets, July 1, 2001, as restated	\$ 127,094,142

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Original Legal Basis Budget	Final Legal Basis Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Personal services	\$ 4,000	\$ 4,000	\$ 1,610	\$ 2,390
Operating expenses	233,500	384,100	376,670	7,430
Special items:				
Transportation infrastructure grant awards and debt service	204,728,333	204,567,333	101,784,075	102,783,258
Permanent improvements:				
Transportation infrastructure grant awards and debt service		289,814,836	289,814,836	
Debt Service		10,400	10,400	
Totals	<u>\$ 204,965,833</u>	<u>\$ 494,780,669</u>	<u>\$391,987,591</u>	<u>\$ 102,793,078</u>

A reconciliation of expenditure on the statement of revenues, expenditures and changes in fund balance - governmental funds to the budgetary basis of accounting is as follows:

Expenditures per statement of revenues, expenditures and changes in fund balance - governmental fund	\$ 340,358,606
Add:	
Advances budgeted as expenditures	114,918,032
Refunds of prior year expenditures included in revenues	3,149,585
Deduct non-budgeted items:	
Debt service	(60,210,463)
Bond issuance costs	(6,228,169)
Actual on budgetary basis	<u>\$ 391,987,591</u>

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Balances June 30, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2002</u>
Horry County Loan Servicing				
Cash and cash equivalents	\$12,916,410	\$24,588,533	\$37,504,943	\$ -
Intergovernmental receivable - County government	<u>2,057,780</u>	<u>22,126,949</u>	<u>22,089,156</u>	<u>2,095,573</u>
Total assets	<u>\$14,974,190</u>	<u>\$46,715,482</u>	<u>\$59,594,099</u>	<u>\$2,095,573</u>
Due to Special Revenue Fund	\$ 7,174,087	\$ -	\$ 7,174,087	\$ -
Funds held for others	<u>7,800,103</u>	<u>46,715,482</u>	<u>52,420,012</u>	<u>2,095,573</u>
Total liabilities	<u>\$ 14,974,190</u>	<u>\$ 46,715,482</u>	<u>\$ 59,594,099</u>	<u>\$ 2,095,573</u>
Horry County Loan Reserve				
Cash and cash equivalents	<u>\$ 13,688,578</u>	<u>\$ 1,042,537</u>	<u>\$ 2,192,476</u>	<u>\$ 12,538,639</u>
Funds held for others	<u>\$ 13,688,578</u>	<u>\$ 1,042,537</u>	<u>\$ 2,192,476</u>	<u>\$ 12,538,639</u>
Totals				
Cash and cash equivalents	\$ 26,604,988	\$ 25,631,070	\$ 39,697,419	\$ 12,538,639
Intergovernmental receivable - County government	<u>2,057,780</u>	<u>22,126,949</u>	<u>22,089,156</u>	<u>2,095,573</u>
Total assets	<u>\$ 28,662,768</u>	<u>\$ 47,758,019</u>	<u>\$ 61,786,575</u>	<u>\$ 14,634,212</u>
Due to Special Revenue Fund	\$ 7,174,087	\$ -	\$ 7,174,087	\$ -
Funds held for others	<u>21,488,681</u>	<u>47,758,019</u>	<u>54,612,488</u>	<u>14,634,212</u>
Total liabilities	<u>\$ 28,662,768</u>	<u>\$ 47,758,019</u>	<u>\$ 61,786,575</u>	<u>\$ 14,634,212</u>